

42-079-00014

for
5/25



Environment, Health & Safety

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800 Cabin Hill Drive
Greensburg, PA 15601

MAY 16 2006

CERTIFIED MAIL

Air Protection Division (3AP11)

May 9, 2006

Mr. Norman Frederick
PA Department of Environmental Protection
2 Public Square
Wilkes-Barre, PA 18711-0790

**Allegheny Energy Supply Company, LLC
Change of Ownership Notification
Hunlock Creek Energy Ventures
Hunlock Combustion Turbine #4**

Dear Mr. Frederick:

Allegheny Energy Supply Company, LLC submits this notification of a change of ownership for Hunlock Combustion Turbine #4 located at Hunlock Power Station in Hunlock Township, Luzerne County. Unit 4 is currently included as part of Title V Operating Permit #40-00005 issued to Hunlock Creek Energy Ventures, a partnership between Allegheny Energy Inc. and UGI Corporation.

Effective March 1, 2006, the Hunlock Creek Energy Ventures partnership was dissolved and Allegheny Energy Supply Company, LLC took ownership and operational control of Unit 4, a 44 MW gas-fired combustion turbine. A copy of the executed Assignment of Partnership Interest document is enclosed. Prior to this transaction, the entire facility was operated by UGI Corporation, and jointly owned by Allegheny Energy Inc. and UGI.

As discussed in previous telephone conversations, Allegheny Energy Supply Company, LLC plans to submit an application for a minor source operating permit in order to separate Unit 4 from the rest of the Hunlock facility. Allegheny Energy Supply Company, LLC also intends to apply for an updated Plan Approval to increase the allowable operating hours in a 12-month rolling time period. It is our understanding that total operating hours can be increased while keeping the unit below PSD permitting thresholds. In the meantime, we request that we be able to continue to operate under the existing Title V conditions for Unit 4 until we can complete and submit these applications.

For first quarter 2006, UGI continued to prepare and submit the quarterly NOx data reports for the gas-fired turbine. Beginning with second quarter 2006, Allegheny Energy Supply Company, LLC will take over the reporting responsibility as well as responsibility for all monitoring and testing of the CEM systems associated with the unit.

If you have any questions or require additional information, please contact me at telephone (724) 838-6057 or via email at tdowns@alleghenyenergy.com.

Sincerely,

Tonia A. Downs

Tonia A. Downs
Environmental Engineer

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MAY 13 2006

Enclosure

- c: **US EPA Region III, Air Enforcement Branch (3AP12)**
- Charles Zadakis - PADEP, Harrisburg
- Hitesh Suri - PADEP, Harrisburg

Air Protection Division (3AP12)

ASSIGNMENT OF PARTNERSHIP INTEREST

THIS ASSIGNMENT OF PARTNERSHIP INTEREST (this “**Assignment Agreement**”), dated as of March 1, 2006, is entered into by and between UGI Hunlock Development Company, a Pennsylvania corporation (“**Assignor**”), and Allegheny Energy Supply Hunlock Creek, LLC, a Delaware limited liability company (“**Assignee**”). Capitalized terms used herein but not defined shall have the meanings set forth in the Agreement (as defined below).

RECITALS

WHEREAS, Assignor owns fifty percent (50%) of the general partnership interests (the “**Partnership Interest**”) of Hunlock Creek Energy Ventures, a Pennsylvania general partnership (the “**Partnership**”); and

WHEREAS, pursuant to Section 3.1 of that certain Agreement dated as of February 28, 2006 (the “**Agreement**”) by and among the Partnership, Assignor, Assignee, UGI Development Company, a Pennsylvania corporation, and Allegheny Energy Supply Company, LLC, a Delaware limited liability company, the Assignor has agreed to assign, grant, bargain, sell, convey and transfer all of its right, title and interest in the Partnership Interest to Assignee and Assignee has agreed to purchase and acquire the Partnership Interest from Assignor, in accordance with the terms and conditions set forth in the Agreement;

WHEREAS, pursuant to Section 3.1 of the Agreement, Assignor and Assignee have agreed to enter into this Assignment Agreement;

NOW, THEREFORE, incorporating the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

1. Assignment of Partnership Interest. Assignor hereby assigns, grants, bargains, sells, conveys and transfers to Assignee, free and clear of all Encumbrances, all of Assignor’s right, title and interest in and to the Partnership Interest.
2. Agreement: Construction. This Assignment Agreement is made subject to and with the benefit of the respective representations and warranties, agreements, covenants, terms, conditions, limitations and other provisions of the Agreement (including, without limitation, Section 5.3, Conveyance Tax Matters).
3. Binding Effect. This Assignment Agreement and all of the provisions hereof shall be binding upon and shall inure to the benefit of the Assignor, the Assignee and their respective successors and assigns.
4. No Additional Representations. Notwithstanding anything to the contrary contained herein, Assignee is not making any additional representations, warranties or covenants in this Assignment Agreement other than those contained in the Agreement.

5. Further Assurances. Assignor hereby covenants that, at any time and from time to time after the delivery of this Assignment Agreement, it will execute and deliver, or will cause to be executed and delivered, all further documents of assignment and conveyance necessary to consummate the assignment and sale of the Partnership Interest to Assignee evidenced hereby.

6. Governing Law. This Assignment Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without reference to any conflicts of laws principles.

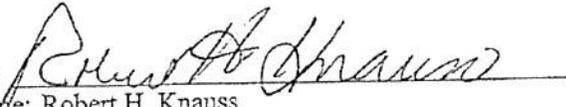
7. Counterparts. This Assignment Agreement may be executed in two counterparts (delivery of which may occur via facsimile or other electronic means), each of which shall be deemed an original, and together which shall constitute one and the same instrument.

[SIGNATURE LINES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, this Assignment Agreement has been duly executed and delivered as of the date first above written.

ASSIGNOR:

UGI Hunlock Development Company

By: 
Name: Robert H. Knauss
Title: V.P. and General Counsel, Asst. Secretary

ASSIGNEE:

Allegheny Energy Supply Hunlock Creek, LLC

By: Allegheny Energy, Inc., as sole member

By: _____
Name:
Title:

IN WITNESS WHEREOF, this Assignment Agreement has been duly executed and delivered as of the date first above written.

ASSIGNOR:

UGI Hunlock Development Company

By: _____
Name:
Title:

ASSIGNEE:

Allegheny Energy Supply Hunlock Creek, LLC

By: Allegheny Energy, Inc., as sole member

By: Paul J. Evanson
Name: Paul J. Evanson
Title: Chairman, President & CEO